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**STATEMENT OF U. S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY
CONCERNING JAPAN'S NEW THREE-YEAR DEREGULATION PROGRAM**

United States Trade Representative Charlene Barshefsky today issued the following statement concerning the March 31 announcement by the Government of Japan of a new deregulation program. Japan's new program covers a wide range of sectoral and structural issues, including telecommunications, housing, financial services, medical devices and pharmaceuticals, competition policy, distribution, legal services, and regulatory transparency. All of these issues have been the subject of extensive discussions between the United States and Japan under the Enhanced Initiative on Deregulation and Competition Policy (Enhanced Initiative) announced by President Clinton and Prime Minister Hashimoto last June in Denver.

"Japan's recent announcement of a new deregulation program represents some progress on our deregulation agenda, but falls short of expectations," said Ambassador Charlene Barshefsky. "More action is needed to produce results, and to meet the expectations of the United States. The new deregulation program is too vague on key issues and often delays implementation of important regulatory changes for several years. Comprehensive deregulation is urgently needed to open Japan's economy to market forces and to significantly improve market access for foreign goods and services."

"I welcome Japan's announcement to address a number of market access issues by opening certain aspects of its telecommunications, financial services, pharmaceuticals and housing sectors," she continued. "Clearly though, additional measures and continued progress are necessary. It is critical, for example, that Japan open its telecommunications sector to competition through the timely introduction of lower interconnection rates in line with other competitive markets, and consistent with its WTO commitments. Japan also does itself, especially its consumers, and its trading partners a disservice through regulations which needlessly hinder

the introduction of innovative new pharmaceuticals and medical devices into Japan. Furthermore, on housing, Japan has yet to take steps to increase market access for innovative building materials by bringing its testing requirements into line with international practices. In addition, more vigorous antimonopoly law enforcement and aggressive competition policy measures are needed.”

“Japan, as the second largest economy in the world, has a particular responsibility to stimulate economic growth and open its markets to foreign goods and services,” Ambassador Barshefsky concluded. “Further substantial and concrete deregulatory measures under the Enhanced Initiative are necessary if Prime Minister Hashimoto’s call for fundamental deregulation of the Japanese economy is to be met. We look forward to working with the Government of Japan as the G-7 Summit in Birmingham approaches.”

Note: The deregulation requests of the United States to Japan can be found on the Internet at <http://www.ustr.gov/reports/deregsub98.pdf>